

Message Text

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PAGE 01 VIENNA 02853 081618Z

ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04

OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 DODE-00 PM-04 H-02 L-03 PA-02

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TO SECSTATE WASHDC 1374

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EO 11652: N/A

TAGS: EFIN, ETRD, AU

SUBJ: NEW MEASURES TO STIMULATE AUSTRIAN EXPORTS

REF: A) STATE 07984, B) 76 VIENNA A-49, C) 75 VIENNA -255

1. SUMMARY. RECENTLY ANNOUNCED GOA EXPORT STIMULATION MEASURES EMPHASIZE ENLARGED OFFICIAL EXPORT FINANCING FACILITIES WITH LIBERALIZED RATES AND TERMS. ADDITIONAL TAX BENEFITS FOR EXPORTERS ALSO PROPOSED END SUMMARY.

2. ON MARCH 15 AND 23, AUSTRIAN CABINET APPROVED AND SENT ON TO PARLIAMENT FINANCE MINISTER'S PROPOSED MEASURES TO STIMULATE EXPORTS. PARLIAMENTARY ADOPTION OF THOSE MEASURES REQUIRING LEGISLATIVE APPROVAL LIKELY BEFORE SUMMER RECESS. SPECIFIC MEASURES INCLUDE:

A. INCREASE FROM AS 80 BILLION TO AS 120 BILLION TO AGGREGATE CEILING OF LIABILITIES GOA MAY ASSUME FOR EXPORT CONTRACTS AND BILLS OF EXCHANGE.

B. INCREASE FROM AS 40 BILLION TO AS 60 BILLION AS CEILING OF GOA LIABILITY FBR CREDITS RAISED BY AUSTRIAN KONTROLLBANK (AKB) FOR PURPOSES OF EXPORT FINANCING OR REFINANCING.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 VIENNA 02853 081618Z

C. INCREASE FROM AS 25 BILLION TO AS 35 BILLION IN MAXIMUM OF AMOUNT OF CREDITS MENTIONED IN (B) ABOVE (NET OF INTEREST AND COSTS) WHICH IS ELIGIBLE FOR GOVERNMENT SUBSIDIZATION OF AKB BORROWING COSTS.

D. RECLASSIFICATION EFFECTIVE APRIL 1, 1977 OF AKB FORMAT I LOANS AS FOLLOWS (OLD PROVISIONS ADDED FOR COMPARISON):

TERM OF LOAN	PORTION OF LOAN SUBJECT TO FIXED INTEREST RATES IN PERCENT		INTEREST RATE IN PERCENT	
	OLD	NEW	OLD	NEW
LESS THAN 2 YEARS	15	15	7.75	7.25
2 YEARS OR MORE BUT LESS THAN 5 YEARS	30	40	7.75	7.25
5 YEARS OR MORE BUT LESS THAN 8 YEARS	45	60	7.75	7.25
8 YEARS OR MORE BUT LESS THAN 10 YEARS	60	85	7.75	7.625

REMAINING PORTION OF LOAN WILL CONTINUE TO BE SUBJECT TO VARIABLE INTEREST RATES, CURRENTLY 6.75 PERCENT.

E. EXPANSION OF EXCHANGE-RISK GUARANTEE PROGRAM TO INCLUDE COVERAGE FOR SHORT AND MEDIUM-TERM EXPORT TRANSACTIONS.

F. ENLARGEMENT, UP TO AS1.2 BILLION, OF AKB LOSS RESERVE FUND THROUGH ACCRUAL OF REFUNDS FROM PREVIOUS LOSS COMPENSATION PAYMENTS. CURRENTLY ALL SUCH REFUNDS ARE CHanneled THROUGH FEDERAL BUDGET. PORTION OF RESERVE FUND NOT REQUIRED FOR LOSS COMPENSATION IS TO BE USED TO REDUCE EXPORT FINANCING COSTS.

G. REDUCTION OF INTEREST RATE ON EXPORT CREDITS CHARGED BY OESTERREICHISCHE EXPORTFOND GES. M.B.H. FROM 6.5 PERCENT TO 6 PERCENT EFFECTIVE APRIL 1, 1977.

H. CONCLUSION OF A REINSURANCE CONTRACT BETWEEN THE AUSTRIAN CREDIT INSURANCE COMPANY (OESTERREICHISCHE KREDITVERSICHERUNGS A.G.) AND THE AKB TO PERMIT UNCLASSIFIED

UNCLASSIFIED

PAGE 03 VIENNA 02853 081618Z

REINSURANCE OF EXPORT CREDIT GUARANTEES ASSUMED BY THE FORMER. THIS WOULD PERMIT INSURANCE COVERAGE FOR WIDER RANGE OF EXPORT-RELATED ACTIVITIES (E.G. SHIPPING CONTRACTS) AT MORE FAVORABLE COSTS.

I. AMENDMENT OF THE ASSESSMENT LAW TO PERMIT DEDUCTION OF 15 PERCENT OF FACE VALUE OF EXPORT RECEIVABLES IN CALCULATION OF NET BUSINESS ASSETS SUBJECT TO BUSINESS PROPERTY TAXATION. A SIMILAR PROVISION ALREADY EXISTS IN INCOME TAX LEGISLATION. MEEHAN

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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
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Executive Order: N/A
Errors: N/A
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